

The Onsite Wastewater Systems Assistance Program (OSWAP)

The Onsite Wastewater Systems Assistance Program (OSWAP) offers low-interest loans through participating lenders to credit-worthy homeowners who need to replace their inadequate or failing onsite septic system. Lenders issue the loans at interest rates of 3% or less, for amounts of between \$2,000 and \$10,000, for a maximum repayment period of 10 years. The program limits eligibility to owners of existing homes only, in unincorporated areas not served by a public sewer.

The program was created to help replace outdated septic systems in Iowa that still dump untreated wastewater from household septic tanks to open ditches or underground tile lines that flow directly into streams, rivers, lakes, or fractured bedrock. Inadequate and failing septic systems contribute to the pollution of wells, groundwater, and surface waters with fecal bacteria, viruses, and nutrients. The DNR estimates that there are 100,000 rural homes in Iowa that still use outdated septic systems that do not adequately treat household sewage.

The DNR uses the state's Onsite Wastewater Assistance Fund (OSWAF) to buy down loan interest rates charged by participating lenders who agree to make low-interest loans to homeowners for county-approved onsite septic systems. The DNR transfers an amount equal to the loan from the OSWAF into a non-interest demand deposit account with the participating lender.

Since the lender assumes the loan risk in this program, a homeowner must first qualify for a loan from the lender to participate. After approving the loan, the lender contacts the OSWAF financial agent to reserve a loan deposit from the OSWAF. After the onsite system is installed and approved by the county sanitarian, the lender requests the loan deposit from the financial agent, who then transfers the loan deposit to the lender. The homeowner then repays the lender for the loan.

The OSWAF is a revolving loan fund authorized by the Iowa Legislature and funded by state appropriations and the U. S. Environmental Protection Agency Clean Water Act.